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Ferry system to receive \$76 million in federal aid

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The Alaska Marine Highway System's budget is slated to receive \$76 million in federal COVID-19 pandemic aid to forward-fund ferry service for the next 18 months and help create long-term financial stability.

Gov. Mike Dunleavy and Sen. Bert Stedman (R-Sitka) announced the agreement in Ketchikan, presenting the plan in front of borough and city leaders from Ketchikan, Saxman and Metlakatla.

The money for the AMHS will come from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021.

Most of it will come from money allocated to the Federal Transportation Administration, which received \$14 billion in COVID relief. Some will also come from the Federal Highway Administration, which received \$10 billion for highway infrastructure programs.

"I thank the governor and my fellow lawmakers for supporting a plan that will finally provide some certainty for the ferry system," State House Speaker Louise Stutes (R-Kodiak) said in a press release.

"Coastal Alaskans who spoke up and demanded stability in the Alaska Marine Highway System are the reason we are finally at a point where political leaders across the state and from both parties support long-term funding."

Stutes, who sits on the AMHS Reshaping Committee, has been outspoken in her support of the AMHS, and its need in coastal Alaska communities.

Residents frequently depend on ferries to travel from rural communities to more populated areas to go shopping at grocery stores and to receive medical care, among other activities.

"A healthy marine highway supports virtually every essential service, connects economies, provides access to health care and fills grocery store shelves," said Rep. Dan Ortiz (I-Ketchikan).

"It is the state's responsibility to make sure Alaskans have reliable infrastructure, and this plan advances toward that goal."

As a part of her fight for the AMHS, Stutes introduced a bill in February that would give more power to the Alaska Marine Transportation Advisory Board. The bill has been reviewed by several committees and was most recently sent to the Senate Rules Committee, which is chaired by Sen. Gary Stevens (R-Kodiak).

According to the governor's office, \$25 million of the \$76 million in federal funding will go toward six months of forward funding, while \$50 million will go toward a one-year offset of marine highway receipts.

This means that all the receipts AMHS collects in FY22 will go into the marine highway stabilization fund, which will provide stabilizing funds — rather than unrestricted general funds — for 10 to 15 years of system sustainability, said Jeff Turner, deputy director of communications for the governor's office.

Turner said \$15 million of the total will be allocated for the crew quarters on one of the Alaska Class ferries.

"That would expand the range of the Alaska-made vessels, which are currently limited to 12 hours of continuous operations because crew members have no place to rest. The crew quarters of this boat would service Southcentral Alaska," he said.

According to a press release from the Alaska House Coalition, forward-funding the ferries will increase revenue. The AMHS estimates a revenue increase of 5-10% when scheduling is consistent and available months in advance.

An initial draft of the plan was presented last week by the House Finance Committee, and details will be finalized in the weeks ahead through the operating budget process.